

PEPSICO INC
Form S-4/A
December 31, 2009
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As filed with the Securities and Exchange Commission on December 31, 2009

Registration No. 333-162260

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Amendment No. 2

to

FORM S-4

REGISTRATION STATEMENT

UNDER

THE SECURITIES ACT OF 1933

PepsiCo, Inc.

(Exact Name of Registrant as Specified in Its Charter)

North Carolina
(State or Other Jurisdiction of
Incorporation or Organization)

2080
(Primary Standard Industrial
Classification Code Number)

13-1584302
(I.R.S. Employer
Identification Number)

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700 Anderson Hill Road

Purchase, New York 10577

(914) 253-2000

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

Thomas H. Tamoney, Jr.

Senior Vice President, Deputy General Counsel and Assistant Secretary

700 Anderson Hill Road

Purchase, New York 10577

(914) 253-2000

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent For Service)

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Approximate date of commencement of proposed sale to the public: As soon as practicable after the effective date of this registration statement and the effective time of the merger of PepsiAmericas, Inc. (**PAS**) with and into Pepsi-Cola Metropolitan Bottling Company, Inc. (**Metro**), a wholly owned subsidiary of PepsiCo, Inc. (**PepsiCo**), as described in the Agreement and Plan of Merger dated as of August 3, 2009 among PAS, PepsiCo and Metro.

If the securities being registered on this form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. "

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, as amended (the **Securities Act**), check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. "

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

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Large accelerated filer Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company) Smaller reporting company
If applicable, place an X in the box to designate the appropriate rule provision relied upon in conducting this transaction:

Exchange Act Rule 13e-4(i) (Cross-Border Issuer Tender Offer)
Exchange Act Rule 14d-1(d) (Cross-Border Third-Party Tender Offer)

The Registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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Information contained herein is subject to completion or amendment. A registration statement relating to the shares of PepsiCo common stock to be issued in the merger has been filed with the Securities and Exchange Commission. These securities may not be sold nor may offers to buy be accepted prior to the time the registration statement becomes effective. This prospectus shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale is not permitted or would be unlawful prior to registration or qualification under the securities laws of any such jurisdiction.

PRELIMINARY PROXY STATEMENT/PROSPECTUS**DATED DECEMBER 31, 2009, SUBJECT TO COMPLETION**

4000 RBC Plaza

60 South Sixth Street

Minneapolis, Minnesota 55402

Dear Fellow Stockholders:

On behalf of your board of directors, we are pleased to invite you to attend a special meeting of stockholders of PepsiAmericas, Inc., which will be held at Briggs and Morgan, P.A., 80 South Eighth Street, Suite 2200, Minneapolis, Minnesota, 55402, on [], 2010, at [] a.m., local time. At the special meeting, you will be asked to consider and vote upon a proposal to adopt the Agreement and Plan of Merger dated as of August 3, 2009 among PepsiAmericas, Inc., PepsiCo, Inc. and Pepsi-Cola Metropolitan Bottling Company, Inc., a wholly owned subsidiary of PepsiCo, Inc.

The merger agreement sets forth the terms and conditions under which PepsiAmericas will merge with and into Pepsi-Cola Metropolitan Bottling, with Pepsi-Cola Metropolitan Bottling continuing as the surviving corporation and a wholly owned subsidiary of PepsiCo. As of the effective time of the merger, holders of PepsiAmericas outstanding common stock (other than PepsiCo and its subsidiaries (including Pepsi-Cola Metropolitan Bottling) and any stockholders who properly exercise and perfect their appraisal rights under Delaware law) will have the right to receive either 0.5022 shares of PepsiCo common stock or, at their election, \$28.50 in cash, without interest, per share of PepsiAmericas common stock, subject to proration provisions which provide that an aggregate of 50% of the outstanding shares of PepsiAmericas common stock not held by PepsiCo or any of its subsidiaries will be converted into the right to receive PepsiCo common stock and an aggregate of 50% of the outstanding shares of PepsiAmericas common stock not held by PepsiCo or any of its subsidiaries will be converted into the right to receive cash. Subject to the proration provisions described in the preceding sentence, each share with respect to which a valid cash election is not made will be converted into the right to receive 0.5022 shares of PepsiCo common stock at the effective time of the merger.

The following table sets forth the closing sale price per share of PepsiCo common stock and PepsiAmericas common stock as reported on the New York Stock Exchange as of August 3, 2009, the last full trading day before the public announcement of the merger agreement, and as of [], 2010, the most recent practicable trading day prior to the date of this proxy statement/prospectus. The table also shows the equivalent price of the merger consideration per share of PepsiAmericas common stock as of the same two respective dates. The equivalent price per share based on a 50% cash/50% stock split as of the relevant date is calculated as the sum of (a) \$28.50 (the cash portion of the merger consideration) multiplied by 50% and (b) the closing sale price of one share of PepsiCo common stock on the relevant date multiplied by (x) the exchange ratio of 0.5022 and (y) 50%.

	PepsiCo Common Stock	PepsiAmericas Common Stock	Equivalent Price Per Share based on 50%-50% Cash- Stock Split of Merger Consideration	Cash-
August 3, 2009	\$ 56.20	\$ 26.15	\$	28.36
[], 2010	\$ []	\$ []	\$	[]

The market prices of both PepsiCo common stock and PepsiAmericas common stock will fluctuate prior to completion of the merger. You are urged to obtain current market quotations for PepsiCo common stock and PepsiAmericas common stock.

This proxy statement/prospectus gives you detailed information about the special meeting, the merger agreement and the merger, and a copy of the merger agreement is included as Appendix A to this proxy statement/prospectus. **You are encouraged to read this proxy statement/prospectus in its entirety, including the section entitled Risk Factors beginning on page [] of this proxy statement/prospectus, and the merger agreement carefully.**

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The board of directors of PepsiAmericas, after considering the unanimous recommendation of its transactions committee comprised entirely of independent directors, has approved and declared advisable the merger agreement and the transactions contemplated thereby and determined that the merger agreement and the transactions contemplated thereby are fair to and in the best interests of PepsiAmericas and its stockholders (other than PepsiCo, Pepsi-Cola Metropolitan Bottling and other affiliates of PepsiCo). The PepsiAmericas transactions committee made its recommendation to the PepsiAmericas board of directors after consultation with its legal and financial advisors and consideration of a number of other factors. **The board of directors of PepsiAmericas therefore recommends that you vote FOR approval of the proposal to adopt the merger agreement.**

Each of PepsiAmericas' board of directors and transactions committee believes that the merger is both procedurally and substantively fair to the unaffiliated stockholders of PepsiAmericas.

In addition, each of PepsiCo and Pepsi-Cola Metropolitan Bottling believes that the merger is both procedurally and substantively fair to the unaffiliated stockholders of PepsiAmericas.

Approval of the proposal to adopt the merger agreement requires the affirmative vote of at least a majority of the shares of PepsiAmericas common stock entitled to vote, except in limited circumstances as described elsewhere in this proxy statement/prospectus. PepsiCo has agreed to vote all shares of the common stock of PepsiAmericas beneficially owned by it and its subsidiaries for approval of the proposal to adopt the merger agreement. Except when the board of directors of PepsiAmericas makes a change of recommendation in certain limited circumstances described elsewhere in this proxy statement/prospectus, if Robert C. Pohlad, PepsiAmericas' Chairman of the board of directors and Chief Executive Officer, votes or causes to be voted the shares of PepsiAmericas common stock beneficially owned by him and certain persons and entities affiliated with him in favor of the proposal to adopt the merger agreement, then those votes, when combined with the agreement of PepsiCo to vote all shares of the common stock of PepsiAmericas beneficially owned by it and its subsidiaries for approval of the proposal to adopt the merger agreement, would be sufficient to approve the proposal to adopt the merger agreement without the affirmative vote of any unaffiliated stockholders of PepsiAmericas.

YOUR VOTE IS VERY IMPORTANT. Therefore, whether or not you plan to attend the special meeting, please complete and promptly mail your proxy card in the return envelope enclosed, or authorize the individuals named on your proxy card to vote your shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card. This will not prevent you from voting in person at the special meeting if you so desire. **The failure to vote will have the same effect as a vote against approval of the proposal to adopt the merger agreement.**

Sincerely yours,

Robert C. Pohlad

Chairman of the Board and

Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the merger, passed upon the merits or fairness of the merger, or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

This proxy statement/prospectus is dated [], 2010, and is first being mailed to stockholders of PepsiAmericas on or about [], 2010.

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ADDITIONAL INFORMATION

This document is the proxy statement of PepsiAmericas, Inc. for its special meeting of stockholders and the prospectus of PepsiCo, Inc. for the shares of PepsiCo, Inc. common stock to be issued in the merger. This proxy statement/prospectus incorporates important business and financial information about PepsiCo, Inc. and PepsiAmericas, Inc. from documents that are not included in or delivered with this proxy statement/prospectus. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this proxy statement/prospectus by requesting them in writing or by telephone from PepsiCo, Inc. or PepsiAmericas, Inc. at the following addresses:

PepsiCo, Inc.	PepsiAmericas, Inc.
700 Anderson Hill Road	4000 RBC Plaza
Purchase, New York 10577	60 South Sixth Street
Manager, Shareholder Relations	Minneapolis, Minnesota 55402
Telephone: 914-253-3055	Investor Relations
Email: investor@pepsico.com	Telephone: 612-661-3883

Email: shareholderrelations@pepsiamericas.com

If you would like additional copies of this proxy statement/prospectus, please contact Innisfree M&A Incorporated, the proxy solicitor for PepsiAmericas, Inc., toll-free at 1-877-717-3926 (banks and brokerage firms call collect at 1-212-750-5833).

If you would like to request documents, please do so by [], 2010 in order to receive them before the special meeting.

See Where You Can Find More Information beginning on page [] of this proxy statement/prospectus for further information.

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Notice of Special Meeting of Stockholders

Time and Date	[], a.m., local time on [], 2010.
Place 80 South Eighth Street, Suite 2200 Minneapolis, MN 55402	Briggs and Morgan, P.A.
Items of Business	<p>(1) To consider and vote upon the proposal to adopt the Agreement and Plan of Merger, dated as of August 3, 2009, as it may be amended from time to time, among PepsiAmericas, Inc., a Delaware corporation, PepsiCo, Inc., a North Carolina corporation, and Pepsi-Cola Metropolitan Bottling Company, Inc., a New Jersey corporation and a wholly owned subsidiary of PepsiCo, Inc., as more fully described in the enclosed proxy statement/prospectus.</p> <p>(2) To transact such other business as may properly come before the special meeting or any adjournments or postponements of the special meeting.</p>
Record Date	You are entitled to vote only if you were a holder of common stock of PepsiAmericas as of the close of business on January 4, 2010.
Meeting Admission	You are entitled to attend the special meeting only if you were a holder of common stock of PepsiAmericas as of the close of business on January 4, 2010. Stockholders who plan to attend the special meeting must present valid photo identification. If you hold shares in street name through an account with a bank, broker or other nominee and you plan to attend the meeting, you should bring your account statement or other evidence of your share ownership with you to the meeting. If you hold shares in street name and you plan to attend the meeting and vote in person, you should contact your broker or nominee to obtain a legal proxy and bring it to the special meeting.
Proxy Voting	<p>Your vote is very important. Whether or not you plan to attend the special meeting, please promptly vote by Internet or telephone, or by marking, signing, dating and returning the enclosed proxy card if you are a registered holder of shares of PepsiAmericas common stock, or the voting instruction card provided by your bank or broker if you hold your shares of PepsiAmericas common stock through an account with a bank or broker, so that your shares of PepsiAmericas common stock will be represented at the special meeting.</p> <p>The board of directors of PepsiAmericas, Inc. recommends that you vote FOR approval of the proposal to adopt the merger agreement. Failure to submit a proxy or to vote in person or a vote to abstain will have the same effect as a vote AGAINST the proposal to adopt the merger agreement.</p>

By Order of the Board of Directors,

Brian D. Wenger

Corporate Secretary

[], 2010

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SUMMARY

*This summary highlights selected information from this proxy statement/prospectus. It does not contain all of the information that is important to you. You are urged to read the entire proxy statement/prospectus carefully and the other documents which are referred to in order to fully understand the merger and the merger agreement. See *Where You Can Find More Information* beginning on page [] of this proxy statement/prospectus.*

Information about PepsiCo, Metro and PAS (See Page []).

PepsiCo, Inc.

700 Anderson Hill Road

Purchase, New York 10577

(914) 253-2000

PepsiCo, Inc. (**PepsiCo**) is a leading global beverage, snack and food company with 2008 annual revenues of more than \$43 billion. PepsiCo employs approximately 198,000 people worldwide, and its products are sold in approximately 200 countries. PepsiCo manufactures or uses contract manufacturers, markets and sells a variety of salty, convenient, sweet and grain-based snacks, carbonated and non-carbonated beverages and foods in approximately 200 countries, with its largest operations in North America (United States and Canada), Mexico and the United Kingdom.

The principal trading market for PepsiCo's common stock is the New York Stock Exchange (NYSE: PEP). PepsiCo's common stock is also listed on the Chicago and Swiss Stock Exchanges.

PepsiCo was incorporated in Delaware in 1919 and was reincorporated in North Carolina in 1986.

Pepsi-Cola Metropolitan Bottling Company, Inc.

700 Anderson Hill Road

Purchase, New York 10577

(914) 253-2000

Pepsi-Cola Metropolitan Bottling Company, Inc. (**Metro**) is a New Jersey corporation, incorporated in 1934 and a wholly owned subsidiary of PepsiCo. Metro currently operates within PepsiCo's PepsiCo Americas Beverages business segment, and holds the stock of numerous active operating subsidiaries and bottling companies. Metro does not have any employees.

PepsiAmericas, Inc.

4000 RBC Plaza

60 South Sixth Street

Minneapolis, Minnesota 55402

(612)-661-4000

PepsiAmericas, Inc. (**PAS**) is a publicly traded Delaware corporation and the world's second-largest manufacturer, seller and distributor of PepsiCo beverages with 2008 annual sales of more than \$4.9 billion. PAS manufactures, distributes and markets a broad portfolio of beverage products in the United States, Central and Eastern Europe and, through PAS's new joint venture, the Caribbean and Central America. PAS also distributes snack foods in certain markets. PAS sells a variety of brands that it bottles under licenses from PepsiCo or PepsiCo joint ventures,

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which accounted for approximately 80% of PAS total net sales in fiscal year 2008. During fiscal year 2008, PAS accounted for approximately 19% of all PepsiCo beverage products sold in the United States. In some territories, PAS manufactures, packages, sells and distributes products under brands licensed by companies other than PepsiCo, and in some territories PAS distributes its own brands, such as Sandora, Sadochok and Toma.

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The principal trading market for PAS common stock is the New York Stock Exchange (NYSE:PAS).

PAS was incorporated in Delaware in 1963. In October 1999, PepsiCo formed a business venture with Pohlads Companies, through which PepsiCo retained a non-controlling ownership interest of approximately 24% in the former PepsiAmericas, and in November 2000, the former PepsiAmericas merged with Whitman Corporation, following which the combined bottler changed its name to PepsiAmericas, Inc.

The Merger (See Page []).

PepsiCo, PAS and Metro have entered into the merger agreement, which provides for the merger of PAS with and into Metro, with Metro continuing as the surviving corporation. The merger agreement is attached as Appendix A to this proxy statement/prospectus. You should read the merger agreement because it is the legal document that governs the merger.

On the same date that the merger agreement was entered into, PepsiCo, Metro and The Pepsi Bottling Group, Inc. (**PBG**) entered into the PBG merger agreement, which provides for the merger of PBG with and into Metro. The PBG merger is a separate transaction, however, the satisfaction of specified conditions in the PBG merger agreement to the extent they relate to antitrust and competition laws is a condition to completion of the merger.

Special Meeting of PAS Stockholders (See Page []).

The special meeting of PAS stockholders will be held at [], local time, on [], 2010, at Briggs and Morgan, P.A., located at 80 South Eighth Street, Suite 2200, Minneapolis, Minnesota. At the special meeting, PAS stockholders will be asked to vote upon the proposal to adopt the merger agreement. You can vote at the special meeting if you were a record holder of PAS common stock at the close of business on January 4, 2010, the record date for the special meeting.

Adoption of the merger agreement requires the affirmative vote of a majority of the shares of PAS common stock entitled to vote. In the event that PAS board of directors withdraws, modifies or qualifies its recommendation to PAS stockholders to vote for approval of the proposal to adopt the merger agreement in a manner adverse to PepsiCo or recommends to PAS stockholders an acquisition proposal made by a third party, in either case, in response to or as a result of an event, development, occurrence or change in circumstances or facts occurring or arising after the date of the merger agreement which did not exist or was not actually known, appreciated or understood by PAS board of directors as of the date of the merger agreement (which is referred to in this proxy statement/prospectus as an intervening event change of recommendation), then the affirmative vote of a majority of the outstanding shares of PAS common stock excluding any shares held by PepsiCo or any of its affiliates (including Metro), PAS directors and officers or Robert C. Pohlads or certain persons or entities affiliated with him, will also be required to approve the proposal to adopt the merger agreement.

As of the record date, there were [] shares of PAS common stock outstanding and entitled to be voted at the special meeting. As of the record date, [] shares of PAS common stock were held by directors and executive officers of PAS and their affiliates, of which [] shares of PAS common stock were held by Robert C. Pohlads or certain persons or entities affiliated with him, and [] shares of PAS common stock were held by directors and executive officers of PepsiCo and its affiliates, representing approximately []% ([]% held by Robert C. Pohlads or certain persons or entities affiliated with him) and []%, respectively, of the outstanding shares of PAS common stock entitled to vote at the special meeting. As of the record date, 54,004,000 shares were held by PepsiCo or its subsidiaries, representing approximately []% of the outstanding PAS common stock entitled to vote at the special meeting. PepsiCo has agreed under the terms of the merger agreement to vote or cause to be voted all of the shares of PAS common stock beneficially owned by it or any of its subsidiaries (including Metro) in favor of the proposal to adopt the merger agreement at the PAS special meeting.

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Unless PAS board of directors makes an intervening event change of recommendation, if Robert C. Pohlman votes or causes to be voted the shares of PAS common stock beneficially owned by him and certain persons and entities affiliated with him in favor of the proposal to adopt the merger agreement, then those votes, when combined with the agreement of PepsiCo to vote all shares of the common stock of PAS beneficially owned by it and its subsidiaries for approval of the proposal to adopt the merger agreement, would be sufficient to approve the proposal to adopt the merger agreement without the affirmative vote of any unaffiliated stockholders of PAS.

What PAS Stockholders Will Receive in the Merger (See Page []).

The merger agreement provides that at the effective time of the merger each outstanding share of PAS common stock not held by PepsiCo or any of its subsidiaries, and with respect to which appraisal rights have not been properly exercised and perfected under the Delaware General Corporation Law (**Delaware law**), will be converted into the right to receive either 0.5022 of a share of PepsiCo common stock or \$28.50 in cash, without interest, subject to the proration procedures described in this proxy statement/prospectus, which are intended to provide for a 50% cash/50% stock allocation of the aggregate merger consideration. The aggregate value of the merger consideration of \$28.50 per share (based on the PepsiCo common stock closing price of \$56.75 on July 31, 2009) represents a premium of 43.4% to the last closing price of the shares of PAS common stock prior to the public announcement of PepsiCo's proposal on April 19, 2009 to acquire the outstanding shares of PAS common stock that it did not already own at a value of \$23.27 per share, and a premium of 9.0% to the closing price of the shares of PAS common stock on August 3, 2009, the last trading day prior to the announcement of the merger agreement.

PepsiCo will not issue any fractional shares of PepsiCo common stock in the merger. PAS stockholders will receive cash for any fractional shares of PepsiCo common stock owed to them in an amount, without interest, based on the closing price of PepsiCo common stock on the trading day immediately prior to the closing of the merger. In this proxy statement/prospectus, the cash and shares of PepsiCo common stock to be exchanged by PepsiCo in the merger for the shares of PAS common stock held by PAS stockholders (other than for the shares held by PAS (as treasury stock), by PepsiCo or any of its subsidiaries, or by stockholders who have properly exercised and perfected appraisal rights with respect to their shares under Delaware law), subject to the proration procedures described in this proxy statement/prospectus, which are intended to provide for a 50% cash/50% stock allocation of the aggregate merger consideration are referred to as the merger consideration.

On [], 2010, the most recent practicable trading date prior to the filing of this proxy statement/prospectus, the closing price of PepsiCo common stock and PAS common stock was \$[] per share and \$[] per share, respectively.

No assurance can be given that the current market price of PepsiCo common stock will be equivalent to the market price of PepsiCo common stock on the date that stock is received by a PAS stockholder or at any other time. The market price of PepsiCo common stock when received by a PAS stockholder may be greater or less than the current market price of PepsiCo common stock. At the time of completion of the merger, the market price of 0.5022 of a share of PepsiCo common stock could be greater or less than the value of the cash consideration of \$28.50 in cash, without interest, due to fluctuations in the market price of PepsiCo common stock.

You May Elect to Receive Cash Consideration (See Page []).

If you are a record holder of PAS common stock, you may elect to receive cash in exchange for any or all of your shares of PAS common stock by completing the election form and letter of transmittal when you receive it. If you own your shares in street name through a broker or other financial institution and you wish to make an election to receive cash, you will receive or should seek instructions from the institution holding your shares

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concerning how to make your election. If you (or your record holder) do not make a valid election to receive cash, you will be deemed to have elected to receive, and will receive, PepsiCo common stock in exchange for your shares of PAS common stock, subject to the proration procedures described below.

PepsiCo will pay cash for 50% of the PAS common stock outstanding immediately prior to the effective time of the merger not held by PepsiCo or any of its subsidiaries and issue shares of PepsiCo common stock for the remaining 50% of the outstanding shares of PAS common stock outstanding immediately prior to the effective time of the merger not held by PepsiCo or any of its subsidiaries. If the number of shares of PAS common stock for which a valid election to receive cash is made is higher than 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries, a pro rata portion of the shares for which a valid election to receive cash is made will be converted into the right to receive PepsiCo common stock in order to provide for an aggregate 50% cash/50% stock allocation among all outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries. If the number of shares of PAS common stock for which a valid election to receive cash is made is lower than 50% of the outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries, a pro rata portion of the shares for which no valid election to receive cash is made will be converted into the right to receive cash in order to provide for an aggregate 50%/50% stock allocation among all outstanding shares of PAS common stock not held by PepsiCo or any of its subsidiaries. Additionally, the actual number of shares as to which a valid election to receive cash has been made will reflect a reduction for the number of shares with respect to which appraisal rights have been properly exercised and perfected under Delaware law immediately prior to the effective time of the merger. Because of the proration procedures, you cannot be certain of receiving the form of consideration that you choose with respect to all of your shares of PAS common stock. Illustrative examples of the application of the proration procedures appear on pages [] to [] of this proxy statement/prospectus.

An election form and letter of transmittal and instructions will be mailed no more than 40 business days and no fewer than 15 business days before the anticipated effective time of the merger to holders of record of PAS common stock as of two business days before the mailing date. An election to receive cash will only be effective if received no later than 5:00 p.m. New York, NY time on the third business day prior to the effective time of the merger, which date will be announced no later than eight business days prior to the effective time of the merger. All elections and deemed elections are subject to the proration procedures described in this proxy statement/prospectus.

PAS Board of Directors Recommends Stockholder Approval of the Merger (See Page []).

PAS board of directors, after giving consideration to the unanimous recommendation of PAS transactions committee, has determined that the merger agreement and the transactions contemplated by the merger agreement are fair to and in the best interests of PAS and its stockholders (other than PepsiCo, Metro and other affiliates of PepsiCo) and has approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement. PAS board of directors recommends that PAS stockholders vote FOR approval of the proposal to adopt the merger agreement. Each of PAS board of directors and transactions committee believes the merger is both procedurally and substantially fair to the unaffiliated stockholders of PAS. A description of the factors on which PAS transactions committee and board of directors based this belief and of PAS reasons for the merger appears beginning on page [] of this proxy statement/prospectus.

No PepsiCo Stockholder Approval (See Page []).

PepsiCo stockholders are not required to adopt the merger agreement or approve the merger or the issuance of shares of PepsiCo common stock which form part of the merger consideration.

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Position of PepsiCo and Metro Regarding Fairness of the Merger (See Page []).

PepsiCo and Metro believe that the merger is both procedurally and substantively fair to the unaffiliated stockholders of PAS. A description of the factors on which PepsiCo and Metro based this belief and of PepsiCo's reasons for, and purpose of, the merger begins on page [] of this proxy statement/prospectus.

Opinion of PAS Financial Advisor (See Page []).

PAS board of directors retained Goldman Sachs as its financial advisor in connection with the merger and, following the formation of PAS transactions committee of PAS board of directors, Goldman Sachs also acted as financial advisor to PAS transactions committee. Goldman Sachs orally rendered its opinion to PAS board of directors and PAS transactions committee, subsequently confirmed in writing, that as of August 3, 2009 and based upon and subject to the factors and assumptions set forth in the written opinion, the exchange ratio and the cash election price to be paid to the holders (other than PepsiCo and its affiliates) of shares of PAS common stock, taken in the aggregate, pursuant to the merger agreement was fair from a financial point of view to such holders.

The full text of the written opinion of Goldman Sachs, dated August 3, 2009, which sets forth assumptions made, procedures followed, matters considered and limitations on the review undertaken in connection with the opinion, is attached as Appendix B to this proxy statement/prospectus. Goldman Sachs provided its opinion for the information and assistance of PAS board of directors and PAS transactions committee in connection with their consideration of the merger. The Goldman Sachs opinion is not a recommendation as to how any holder of PAS common stock should vote or make any election with respect to the merger or any other matter. Pursuant to an engagement letter between PAS and Goldman Sachs, PAS has agreed to pay Goldman Sachs a transaction fee of approximately \$20 million, all of which is payable upon consummation of the merger.

PAS Officers and Directors Have Some Interests in the Merger that Are Different than or in Addition to Their Interests as Stockholders (See Page []).

In addition to their interests as stockholders, certain directors, executive officers or employees of PAS may have interests in the merger that are different from or in addition to your interests. These interests relate to or arise from, among other things:

certain of PAS executive officers and directors own vested stock options, and certain of PAS executive officers hold restricted stock awards. The vesting of all unvested restricted stock awards would accelerate upon consummation of the merger;

PAS executive officers would be eligible for change in control severance payments if they are terminated without cause or resign for good reason following consummation of the merger;

PAS executive officers may receive lump sum distributions from the PAS Executive Deferred Compensation Plan and lump sum payments from PAS Supplemental Pension Plan upon termination of employment following consummation of the merger;

upon consummation of the merger, directors of PAS will receive lump sum distributions from the PAS Deferred Compensation Plan for Directors and will receive additional payments for their services in connection with the merger; and

under the merger agreement, PepsiCo has agreed to certain indemnification and insurance provisions.

PAS board of directors was aware of these interests and took them into account in its decision to approve the merger agreement and the transactions contemplated by the merger agreement.

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In addition, in October 2009, an officer of PAS entered into a retention agreement with PepsiCo that is effective upon completion of the merger. A description of this agreement appears beginning on page [] of this proxy statement/prospectus. In exchange for this agreement, this officer has agreed to waive any rights to severance payments or benefits under the PAS Senior Executive CIC Severance Plan (as defined below) or any other severance plans or agreements.

Material United States Federal Income Tax Consequences (See Page []).

The merger has been structured so as to qualify as a reorganization for United States federal income tax purposes. The United States federal income tax consequences of the merger to each PAS stockholder will vary depending on whether that stockholder receives shares of PepsiCo common stock, cash, or a combination of PepsiCo common stock and cash, in exchange for PAS common stock. PAS stockholders that receive only PepsiCo common stock will generally not recognize any gain or loss as a result of the merger. PAS stockholders that receive only cash will generally recognize gain or loss equal to the difference between the amount of cash received and the aggregate tax basis of the PAS common stock exchanged therefor. PAS stockholders that receive a combination of PepsiCo common stock and cash will generally recognize gain equal to the lesser of the amount of cash received or the amount of gain realized. The consequences to PAS stockholders may vary if such stockholders acquired PAS common stock in more than one transaction or designate that cash is to be received in exchange for specific shares of PAS common stock. Neither PAS nor PepsiCo will recognize gain or loss for United States federal income tax purposes as a result of the merger. It is a condition to the obligation of each of PAS and PepsiCo to complete the merger that it receives a legal opinion from its outside counsel that the merger will be a reorganization for United States federal income tax purposes.

The United States federal income tax consequences described above may not apply to all holders of PAS common stock, including certain holders specifically referred to on page []. Your tax consequences will depend on your own situation. You should consult your tax advisor to determine the particular tax consequences to you of the merger and the receipt of the merger consideration in exchange for your shares of PAS common stock.

Appraisal Rights (See Page []).

Under Delaware law, record holders of PAS common stock who do not vote for approval of the proposal to adopt the merger agreement and who properly assert their appraisal rights will be entitled to seek appraisal for, and obtain payment in cash for the judicially determined fair value of, their shares of PAS common stock if the merger is completed, in lieu of receiving the merger consideration. This value could be more than, the same as, or less than the value of the merger consideration. The relevant provisions of Section 262 of Delaware law are included as Appendix C to this proxy statement/prospectus. You are encouraged to read these provisions carefully and in their entirety. Moreover, due to the complexity of the procedures for exercising the right to seek appraisal, PAS stockholders who are considering exercising such rights are encouraged to seek the advice of legal counsel. Failure to strictly comply with these provisions will result in loss of the right of appraisal.

Completion of the Merger Is Subject to Certain Conditions (See Page []).

The obligation of each of PepsiCo, PAS and Metro to complete the merger is subject to the satisfaction of a number of conditions, including the following:

adoption of the merger agreement by a majority of the outstanding shares of PAS common stock, provided that, if PAS board of directors makes an intervening event change of recommendation, then the affirmative vote of a majority of the outstanding shares of PAS common stock excluding any shares held by PepsiCo or any of its affiliates (including Metro), PAS directors and officers or Robert C. Pohlاد or certain persons or entities affiliated with him, will also be required to approve the proposal to adopt the merger agreement;

absence of any applicable law prohibiting completion of the merger;

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expiration or termination of any applicable waiting period relating to the merger under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, which is referred to in this proxy statement/prospectus as the HSR Act, and under any agreement between PepsiCo, PAS and any governmental authority not to consummate the merger prior to a specific date;

effectiveness of the registration statement for the PepsiCo common stock being issued in the merger, of which this proxy statement/prospectus forms a part, and the absence of any stop order suspending such effectiveness or any proceedings for such purpose pending or threatened by the Securities and Exchange Commission, which is referred to in this proxy statement/prospectus as the SEC;

approval for the listing on the New York Stock Exchange of the shares of PepsiCo common stock to be issued in the merger, subject to official notice of issuance;

other than as described in the third bullet above, all material actions by or in respect of, or material filings with, any governmental authority, required to permit the completion of the merger, having been taken, made or obtained;

accuracy of the representations and warranties made in the merger agreement by the other party, subject to certain materiality thresholds, as of the date of merger agreement and as of the effective time of the merger;

performance in all material respects by the other party of the obligations required to be performed by it at or prior to the effective time of the merger;

delivery of opinions of PepsiCo's counsel, in the case of PepsiCo, and PAS's counsel, in the case of PAS, that the merger will qualify as a reorganization for United States federal income tax purposes; and

except for matters disclosed in the other party's filings with the SEC since January 2006 but prior to the date of the merger agreement or in the disclosure schedules of the other party, the absence of the occurrence and continuation of any event, occurrence, development or state of circumstances or facts from the date of the merger agreement to the effective time of the merger which has had or could reasonably be expected to have a material adverse effect on the other party.

In addition, the obligation of PepsiCo and Metro to complete the merger is subject to the satisfaction of the following conditions:

absence of any pending action or proceeding by any government authority that:

challenges or seeks to make illegal, delay materially or otherwise directly or indirectly restrain or prohibit the completion of the merger, or seeks to obtain material damages or otherwise directly or indirectly relating to the transactions contemplated by the merger agreement;

seeks to restrain or prohibit PepsiCo's, Metro's or any of PepsiCo's other affiliates' ability to effectively exercise full rights of ownership of PAS's capital stock, including the right to vote shares of such capital stock acquired or owned by such party following the effective time of the merger on all matters properly presented to PAS stockholders;

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seeks to restrain or prohibit PepsiCo's, Metro's or any of PepsiCo's other affiliates' ability to effectively exercise full rights of ownership or operation of any material business or assets of PAS or PepsiCo and their respective subsidiaries;

seeks to compel PepsiCo or any of its subsidiaries or affiliates, including Metro, to dispose of or hold separate all or any of any material business or assets of PAS and its subsidiaries or of PepsiCo and its subsidiaries; or

would reasonably be expected to have, individually or in the aggregate, a material adverse effect on PAS or PepsiCo or, following the effective time of the merger, Metro; and

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absence of any action taken or applicable law enacted, enforced, promulgated, issued or deemed applicable to the merger, by any government authority, other than the applicable waiting period provisions of the HSR Act that would reasonably be expected to result in any of the consequences referred to in the preceding five sub-bullets; and

the satisfaction of certain conditions to the completion of the PBG merger to the extent they relate to antitrust and competition laws. Completion of the merger is not subject to a financing condition. Completion of the merger is also not conditioned on completion of the PBG merger, however the satisfaction of specified conditions in the PBG merger agreement to the extent such conditions relate to antitrust and competition laws is a condition to the completion of the merger.

The Merger May Not be Completed Without All Required Regulatory Approvals (See Page []).

Completion of the merger is conditioned upon the receipt of certain governmental clearances or approvals, including, but not limited to, the expiration or termination of the applicable waiting period relating to the merger under the HSR Act. PepsiCo and PAS each filed its required HSR notification and report form with respect to the merger on September 11, 2009. On October 9, 2009, PepsiCo withdrew its notification and report form effective October 13, 2009 and refiled it on October 15, 2009 in order to allow more time for the staff of the Federal Trade Commission to review the proposed transaction. On November 10, 2009, PepsiCo announced that it had again withdrawn its notification and report form to provide the Federal Trade Commission more time to review the proposed transaction, and plans to refile it at the appropriate time. PepsiCo and PAS expect to obtain all necessary regulatory approvals, although there can be no certainty as to if or when they will be obtained.

The Merger Is Expected to Occur by the End of the First Quarter of 2010 (See Page []).

The merger of PAS and PepsiCo will occur within five business days after the conditions to its completion have been satisfied or, to the extent permissible, waived, unless otherwise mutually agreed upon by the parties. As of the date of this proxy statement/prospectus, the merger is expected to occur by the end of the first quarter of 2010. However, there can be no assurance as to when or if the merger will occur.

No Solicitation by PAS (See Page []).

Subject to certain exceptions, PAS has agreed that none of PAS, any of its subsidiaries, or any of their respective directors or officers will, and PAS will use reasonable best efforts to instruct and to cause its and its subsidiaries' representatives not to, directly or indirectly, initiate, solicit or otherwise facilitate or knowingly encourage the submission of any proposal or offer from any third party relating to an acquisition of PAS, including by engaging in discussions or negotiations regarding any such proposal or offer or by furnishing any information relating to PAS or its subsidiaries to such third party, withdraw, modify or qualify the recommendation of PAS' board of directors to PAS stockholders to vote for approval of the proposal to adopt the merger agreement in a manner adverse to PepsiCo or recommend an acquisition proposal made by a third party to PAS stockholders, or enter into an agreement relating to an acquisition proposal by a third party. Notwithstanding these restrictions, however, the merger agreement provides that, under specified circumstances at any time prior to obtaining PAS stockholders' adoption of the merger agreement:

PAS may, in response to a bona fide written unsolicited acquisition proposal or inquiry from a third party that PAS' board of directors believes constitutes or is reasonably likely to lead to a proposal that is superior to the merger, engage in negotiations or discussions with such party, furnish non public information regarding itself to such third party pursuant to a customary confidentiality agreement (provided that all such information is or has been provided or made available to PepsiCo), and approve, recommend or otherwise declare or propose to approve, recommend or declare advisable (publicly or otherwise) such acquisition proposal; and

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PAS board of directors may withdraw, modify or qualify in a manner adverse to PepsiCo its recommendation that PAS stockholders vote for approval of the proposal to adopt the merger agreement or recommend an acquisition proposal made by a third party to PAS stockholders, provided that PAS board of directors has notified PepsiCo of its intention to change its recommendation in response to an acquisition proposal at least three business days prior to taking such action and PepsiCo does not make, within 48 hours of its receipt of notice from PAS, a binding offer that is at least as favorable to PAS stockholders (other than PepsiCo, Metro and any other affiliates of PepsiCo) as the applicable acquisition proposal by such third party.

The actions described in the preceding two bullets may be taken only if PAS board of directors determines in good faith, after consultation with outside legal counsel, that failure to take such action would be inconsistent with its fiduciary duties under Delaware law.

PepsiCo has the right to terminate the merger agreement if, prior to the special meeting, the PAS board of directors withdraws, modifies or qualifies its recommendation to PAS stockholders to vote for approval of the proposal to adopt the merger agreement in a manner adverse to PepsiCo or recommends an acquisition proposal made by a third party to PAS, but PAS does not have the right to terminate the merger agreement in connection with such a change of recommendation by the PAS board of directors. In that case, unless PepsiCo has terminated the merger agreement, PAS would remain obligated to call a special meeting of its stockholders for the purpose of voting on a proposal to adopt the merger agreement, but, if such adverse recommendation change resulted from a development after the date of the merger agreement, approval of the proposal to adopt the merger agreement would require the affirmative vote of a majority of the outstanding PAS common stock excluding any shares of PAS common stock held by PepsiCo or any of its affiliates (including Metro), PAS directors and officers and Robert C. Pohlrad or certain persons or entities affiliates with him in addition to the affirmative vote of a majority of the shares of PAS common stock entitled to vote.

Termination of the Merger Agreement (See Page []).

PepsiCo and PAS can mutually agree to abandon the merger and terminate the merger agreement at any time prior to the time the merger is completed, even after PAS stockholders have adopted the merger agreement. Also, either PAS or PepsiCo can, without the consent of the other, abandon the merger and terminate the merger agreement in a number of situations, including if:

the merger has not been consummated on or before August 3, 2010, provided that this right is not available to any party whose breach of the merger agreement results in the failure of the merger to occur on or before that date;

any applicable law is in effect that makes completion of the merger illegal or otherwise prohibited or enjoins PAS or PepsiCo from consummating the merger and such applicable law, including an injunction has become final and non appealable;

PAS stockholders fail to adopt the merger agreement at a duly-held stockholders meeting; or

there has been a breach by the other party of any representation or warranty or failure to perform any covenant or agreement that would result in the failure of that party to satisfy the applicable condition to the closing and such condition is incapable of being satisfied by August 3, 2010.

In addition, PepsiCo can terminate the merger agreement if PAS board of directors withdraws, modifies or qualifies its recommendation to PAS stockholders to vote for approval of the proposal to adopt the merger agreement or recommends to PAS stockholders an acquisition proposal made by a third party, or PAS materially breaches its obligations under the merger agreement by reason of a failure to call PAS stockholders meeting.

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The merger agreement provides that PAS must pay a termination fee of \$71.6 million to PepsiCo if the merger agreement is terminated under certain circumstances. On November 16, 2009, in connection with the settlement of certain litigation, PepsiCo agreed, among other things, to reduce the termination fee to \$50 million.

Litigation Relating to the Merger (See Page []).

Following the public announcement, on April 20, 2009, of PepsiCo's proposals on April 19, 2009 to acquire the outstanding shares of PAS common stock that it did not already own for \$11.64 in cash and 0.223 shares of PepsiCo common stock per share of PAS common stock and to acquire the outstanding shares of PBG common stock that it did not already own for \$14.75 in cash and 0.283 shares of PepsiCo common stock per share of PBG common stock, several putative stockholder class action complaints challenging the proposals were filed against various combinations of PepsiCo, PAS, PBG, and the individual members of the boards of directors of PAS and PBG in the Court of Chancery of the State of Delaware, the District Court of the State of Minnesota, County of Hennepin, and the Supreme Court of the State of New York, Westchester and New York Counties. The complaints generally seek, among other things, damages and declaratory, injunctive, and other equitable relief and allege, among other things, that the defendants have breached or will breach their fiduciary duties owed to the public stockholders of PAS and PBG, that the April 19 proposals and the transactions contemplated thereunder were not entirely fair to the public stockholders, that the defendants have breached or will breach the Second Amended and Restated Shareholder Agreement between PepsiCo and PAS, dated September 6, 2005 (which is referred to in this proxy statement/prospectus as the PAS Shareholder Agreement), and that certain provisions of the certificates of incorporation of PAS and PBG are invalid and/or inapplicable to the proposed mergers. One of these complaints was amended following the public announcement of the merger agreements to include allegations concerning one of the proposed mergers.

On November 20, 2009, the parties to the stockholder litigation entered into a Stipulation and Agreement of Compromise, Settlement, and Release to resolve all of these actions. Pursuant to the stipulation, defendants have taken or will take the following actions: PepsiCo, PAS, and PBG have included and will continue to include plaintiffs' counsel in the disclosure process (including providing them with the opportunities to review and comment on drafts of the preliminary and final proxy statements/prospectuses before they were or are filed with the Securities and Exchange Commission); PepsiCo reduced the termination fee that it would, under certain circumstances, be entitled to under the merger agreement from \$71.6 million to \$50 million; PepsiCo reduced the termination fee that it would, under certain circumstances, be entitled to under the PBG merger agreement from \$165.3 million to \$115 million; and PepsiCo agreed to shorten the termination fee tails set forth in the merger agreement and the PBG merger agreement from 12 months to 6 months. Pursuant to the stipulation, the respective stockholder litigation will be dismissed with prejudice and all defendants will be released from any and all claims relating to the transactions. The stipulation is subject to customary conditions, including consummation of both the merger and the PBG merger, completion of certain confirmatory discovery, class certification, and final approval by the Court of Chancery of the State of Delaware following notice to the stockholders of PAS and PBG. On December 2, 2009, the Court of Chancery entered an order setting forth the schedule and procedures for notice to the stockholders of PAS and PBG and the court's review of the settlement. The Court of Chancery scheduled a hearing for April 12, 2010 at 10:00 a.m., at which the court will consider the fairness, reasonableness, and adequacy of the settlement. The settlement will not affect the form or amount of the consideration to be received by PAS stockholders in the merger or by PBG stockholders in the PBG merger. See Special Factors Certain Litigation Matters beginning on page [] of this proxy statement/prospectus.

Financing (See Page []).

PepsiCo and Metro's obligations to complete the merger are not conditioned upon their ability to obtain financing for the merger. PepsiCo estimates that the total amount of funds necessary to complete the merger, the PBG merger, and related transactions, is approximately \$4.0 billion.

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PepsiCo has received a commitment letter pursuant to which, subject to the conditions set forth therein, Bank of America, N.A., Banc of America Securities LLC, affiliates of Citigroup Global Markets Inc. and a group of seven other lenders have committed to provide up to \$4.0 billion of loans under a bridge facility in connection with the merger and the PBG merger. In addition, subject to market conditions, PepsiCo intends to pursue other methods of raising portions of the required financing for the merger, including the issuance of long-term debt securities. If issued on or prior to the closing date, the proceeds from such financing will be used to finance a portion of the purchase price for the merger and the PBG merger, and to pay related fees and expenses in connection with the mergers. To the extent that such financing is obtained, the bridge facility will not be drawn.

The PBG Merger (See Page []).

PepsiCo and Metro have also entered into the PBG merger agreement, pursuant to which all outstanding shares of PBG common stock not held by PepsiCo or any of its subsidiaries, or with respect to which appraisal rights have been properly exercised and perfected under Delaware law, will be converted into the right to receive either 0.6432 of a share of PepsiCo common stock or, at the election of each PBG stockholder, \$36.50 in cash, without interest, in each case subject to certain proration procedures. This represents a premium of 44.8% to the last closing price of the shares of PBG common stock prior to the public announcement of PepsiCo's proposal on April 19, 2009 to acquire the outstanding shares of PBG common stock that it did not already own at a value of \$29.50 per share, and a premium of 8.6% to the closing price of the shares of PBG common stock on August 3, 2009, the last trading day prior to the announcement of the PBG merger agreement. Shares of PBG common stock and PBG Class B common stock held by PepsiCo or any of its subsidiaries (including Metro) will either be canceled or each automatically converted into the right to receive 0.6432 shares of PepsiCo common stock at the effective time of the merger. The completion of the merger is subject to the satisfaction of certain conditions to the completion of the PBG merger to the extent that they relate to antitrust and competition laws.

Share Information and Dividends.

The principal trading market for PepsiCo's common stock is the New York Stock Exchange, on which PepsiCo's common stock is listed under the symbol PEP. PepsiCo's common stock is also listed on the Chicago and Swiss Stock Exchanges. PAS common stock is listed on the New York Stock Exchange under the symbol PAS.

The following table sets forth the closing sale price per share of PepsiCo common stock and PAS common stock as reported on the New York Stock Exchange as of August 3, 2009, the last full trading day before the public announcement of the merger agreement, and as of [], 2010, the most recent practicable trading day prior to the date of this proxy statement/prospectus.

The table also shows the equivalent price of the merger consideration per share of PAS common stock as of the same two respective dates. The form of consideration received by PAS stockholders (other than PepsiCo or any of its subsidiaries) in the aggregate will be split 50% cash and 50% stock, based on the application of the proration procedures described in this proxy statement/prospectus. The equivalent price per share based on a 50% cash/50% stock allocation as of the relevant date is calculated as the sum of (a) \$28.50 (the cash portion of the merger consideration) multiplied by 50% and (b) the closing sale price of PepsiCo common stock on the relevant date multiplied by (x) the exchange ratio of 0.5022 and (y) 50%.

	PepsiCo Common Stock	PAS Common Stock	Equivalent Price Per Share based on 50%-50% Cash- Stock Split of Merger Consideration
August 3, 2009	\$ 56.20	\$ 26.15	\$ 28.36
[], 2010	\$ []	\$ []	\$ []

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The market prices of both PepsiCo and PAS common stock will fluctuate prior to completion of the merger. You should obtain current market quotations for PepsiCo common stock and PAS common stock.

PepsiCo currently pays a quarterly dividend on its common stock and last paid dividends on September 30, 2009 of \$0.45 per share of PepsiCo common stock. On November 13, 2009, PepsiCo declared a dividend of \$0.45 per share of PepsiCo common stock, payable on January 4, 2010 to all holders of PepsiCo common stock of record as of December 4, 2009.

PAS currently pays a quarterly dividend on its common stock, and last paid dividends on October 1, 2009, of \$0.14 per share of PAS common stock. On October 15, 2009, PAS declared a dividend of \$0.14 per share of PAS common stock, payable on January 4, 2010 to all holders of PAS common stock of record as of December 15, 2009. Under the terms of the merger agreement, during the period before the closing of the merger, PAS is prohibited from declaring, setting aside or paying any dividends or other distributions other than its regular quarterly dividends at the current rate, which is not to exceed \$0.14 per share, or dividends by any wholly owned subsidiary of PAS to PAS or other wholly owned subsidiaries of PAS.

If, between the date of the merger agreement and the effective time of the merger, the outstanding shares of capital stock of PAS or PepsiCo are changed into a different number or class of shares by reason of any reclassification, recapitalization, stock split or combination, exchange or readjustment of shares, or any stock dividend is declared with a record date during such period, or any other similar event (excluding any change resulting from exercise of options outstanding as of the date of the merger agreement to purchase shares of PAS common stock under stock option or compensation plans or arrangements in effect as of the date of the merger agreement) appropriate adjustments will be made to the merger consideration.

Table of Contents**Selected Historical Financial Data**

The following tables present selected historical financial information of PepsiCo and PAS. The information below is derived from audited financial statements as of December 27, 2008 and December 29, 2007, and for the fiscal years ended December 27, 2008, December 29, 2007 and December 30, 2006 for PepsiCo, and as of January 3, 2009 and December 29, 2007, and for the fiscal years ended January 3, 2009, December 29, 2007, and December 30, 2006 for PAS, which have been incorporated by reference into this proxy statement/prospectus. The information as of December 30, 2006, and as of, and for the fiscal years ended December 31, 2005 and December 25, 2004 for PepsiCo, and as of December 30, 2006, and as of, and for the fiscal years ended December 31, 2005 and January 1, 2005 for PAS, are derived from unaudited financial statements of PepsiCo and PAS, respectively, which have not been incorporated by reference into this proxy statement/prospectus. The information as of, and for the 36 weeks ended September 5, 2009 and September 6, 2008, for PepsiCo, and as of, and for the first 9 months ended October 3, 2009 and September 27, 2008, for PAS, is derived from their respective interim unaudited financial statements, which have been incorporated by reference into this proxy statement/prospectus. In all cases, the financial information for each of PepsiCo and PAS is presented on a consolidated basis.

The information in the following tables is only a summary and should be read together with the historical financial statements and related notes that PepsiCo and PAS have presented in their prior filings with the SEC. See [Where You Can Find More Information](#) beginning on page [] of this proxy statement/prospectus.

Selected Consolidated Financial Data of PepsiCo

	36 Weeks Ended		Full Year				
	2009	2008	2008	2007	2006	2005	2004
	(in millions, except per share data)						
Summary of Net Revenue and Earnings							
Net revenue	\$ 29,935	\$ 30,522	\$ 43,251	\$ 39,474	\$ 35,137	\$ 32,562	\$ 29,261
Net income from continuing operations attributable to PepsiCo	4,512	4,423	5,142	5,658	5,642	4,078	4,174
Net income from continuing operations attributable to PepsiCo per common share basic	2.90	2.79	3.26	3.48	3.42	2.43	2.45
Net income from continuing operations attributable to PepsiCo per common share diluted	2.87	2.74	3.21	3.41	3.34	2.39	2.41
Cash dividends declared per common share	1.325	1.225	1.65	1.425	1.16	1.01	0.85
Period-End Financial Position							
Total assets	\$ 38,620	\$ 38,458	\$ 35,994	\$ 34,628	\$ 29,930	\$ 31,727	\$ 27,987
Long-term debt	7,434	6,537	7,858	4,203	2,550	2,313	2,397
Total equity	15,831	16,563	12,582	17,296	15,413	14,251	13,523
Redeemable preferred stock	41	41	41	41	41	41	41
Outstanding Shares							
Weighted average common shares outstanding diluted	1,573	1,612	1,602	1,658	1,687	1,706	1,729

Table of Contents**Selected Consolidated Financial Data of PAS**

	First Nine Months				Full Year		
	2009	2008	2008	2007	2006	2005	2004
	(in millions, except per share data)						
Summary of Net Revenue and Earnings							
Net sales	\$ 3,453	\$ 3,767	\$ 4,937	\$ 4,480	\$ 3,972	\$ 3,726	\$ 3,345
Net income from continuing operations attributable to PepsiAmericas, Inc.	147	198	236	214	158	195	182
Earnings per share from continuing operations attributable to PepsiAmericas, Inc. common shareholders basic	1.20	1.57	1.88	1.69	1.24	1.45	1.31
Earnings per share from continuing operations attributable to PepsiAmericas, Inc. common shareholders diluted	1.18	1.55	1.85	1.66	1.22	1.42	1.28
Cash dividends declared per common share	0.42	0.405	0.54	0.52	0.50	0.34	0.30
Period-End Financial Position							
Total assets	\$ 5,193	\$ 5,511	\$ 5,054	\$ 5,308	\$ 4,207	\$ 4,054	\$ 3,530
Long-term debt	2,006	1,650	1,642	1,804	1,490	1,286	1,007
Total equity	1,874	2,242	1,831	2,132	1,605	1,570	1,624
Outstanding Shares							
Weighted average common shares outstanding diluted	124	127	127	129	130	137	142

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Selected Unaudited Pro Forma Condensed Combined Financial Information

The following selected unaudited pro forma condensed combined financial information has been prepared to illustrate the effect of the merger and the PBG merger and has been prepared for informational purposes only and should be read in conjunction with the unaudited pro forma condensed combined financial information, and the accompanying notes thereto, contained elsewhere in this proxy statement/prospectus. The selected unaudited pro forma condensed combined financial information is based upon the historical consolidated financial statements and notes thereto of PepsiCo, PAS and PBG and should be read in conjunction with the:

historical financial statements and the accompanying notes of PepsiCo included in PepsiCo's Current Report on Form 8-K dated August 27, 2009, and Quarterly Reports on Form 10-Q for the quarters ended March 21, 2009, June 13, 2009 and September 5, 2009, each of which are incorporated by reference in this proxy statement/prospectus;

historical financial statements and the accompanying notes of PAS included in PAS' Current Report on Form 8-K dated September 18, 2009 and Quarterly Reports on Form 10-Q for the quarters ended April 4, 2009, July 4, 2009 and October 3, 2009, each of which are incorporated by reference in this proxy statement/prospectus; and

historical financial statements and the accompanying notes of PBG included in PBG's Current Report on Form 8-K dated September 16, 2009 and Quarterly Reports on Form 10-Q for the quarters ended March 21, 2009, June 13, 2009 and September 5, 2009, each of which has been filed with the SEC and is available on PBG's Internet website (see "Where You Can Find More Information" beginning on page [] of this proxy statement/prospectus).

The historical consolidated financial information has been adjusted in the selected unaudited pro forma condensed combined financial statements to give effect to pro forma events that are (1) directly attributable to the merger and the PBG merger, (2) factually supportable, and (3) with respect to the statements of income, expected to have a continuing impact on the combined results of PepsiCo and PAS or PepsiCo, PAS and PBG. Although PepsiCo has entered into the PBG merger agreement, there is no guarantee that the PBG merger will be completed. Accordingly, the following selected unaudited pro forma condensed combined financial information depicts the condensed combined balance sheet as of September 5, 2009 and the condensed combined statements of income for the fiscal year ended December 27, 2008 and the 36 weeks ended September 5, 2009, as if the merger had occurred and as if the PBG merger had occurred. The selected unaudited pro forma condensed combined statements of income have been prepared assuming the merger and the PBG merger had been completed on December 30, 2007, the first day of PepsiCo's 2008 fiscal year. The selected unaudited pro forma condensed combined balance sheet has been computed assuming the merger and the PBG merger had been completed on September 5, 2009, the last day of PepsiCo's 2009 fiscal third quarter. The selected unaudited pro forma condensed combined financial information has been adjusted with respect to certain aspects of the merger and the PBG merger to reflect:

the consummation of the merger and the PBG merger;

the elimination of related party transactions between PepsiCo and PAS;

the elimination of related party transactions between PepsiCo and PBG;

changes in assets and liabilities (as disclosed in more detail elsewhere in this proxy statement/prospectus) to record their preliminary estimated fair values at the date of the closing of the merger and the PBG merger and changes in certain expenses resulting therefrom; and

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additional indebtedness, including, but not limited to, debt issuance costs and interest expense, incurred in connection with the merger and the PBG merger.

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The selected unaudited pro forma condensed combined financial information was prepared in accordance with the acquisition method of accounting under existing United States generally accepted accounting

principles, or GAAP standards, and the regulations of the SEC, and is not necessarily indicative of the financial position or results of operations that would have occurred if the merger and the PBG merger had been completed on the dates indicated, nor is it indicative of the future operating results or financial position of PAS and PepsiCo or of PAS, PBG and PepsiCo. Assumptions and estimates underlying the pro forma adjustments are described in the notes accompanying the unaudited pro forma condensed combined financial information, which should be read in connection with the selected unaudited pro forma condensed combined financial information. The accounting for the merger and the PBG merger is dependent upon certain valuations and other studies that have yet to commence or progress to a stage where there is sufficient information for a definitive measurement. Due to the fact that the selected unaudited pro forma condensed combined financial information has been prepared based upon preliminary estimates, the final amounts recorded for the merger and the PBG merger may differ materially from the information presented. These estimates are subject to change pending further review of the assets acquired and liabilities assumed.

The selected unaudited pro forma condensed combined statements of income exclude the impact of PAS discontinued operations and do not reflect future events that may occur after the merger and the PBG merger, including, but not limited to, the anticipated realization of ongoing savings from operating synergies. It also does not give effect to certain one-time charges PepsiCo expects to incur in connection with the transaction, including, but not limited to, charges that are expected to achieve ongoing cost savings and synergies. The merger and the PBG merger are expected to create aggregate annual pre-tax synergies of \$300 million by 2012 largely due to greater cost efficiency and also improved revenue opportunities.

In addition, the selected unaudited pro forma condensed combined statements of income exclude an estimated gain resulting from remeasuring PepsiCo's previously held equity interests in PAS and PBG, and certain of their affiliates, from book value to fair value. This estimated gain is reflected as a pro forma adjustment to goodwill and retained earnings in the selected unaudited pro forma condensed combined balance sheet. See Note 11 accompanying the unaudited pro forma condensed combined financial information.

(in millions, except per share amounts)	Pro Forma PEP+PAS		Pro Forma PEP+PAS+PBG	
	36 Weeks Ended September 5, 2009	Full Year 2008	36 Weeks Ended September 5, 2009	Full Year 2008
Summary of Net Revenue and Income				
Net revenue	\$ 32,646	\$ 47,151	\$ 40,038	\$ 58,008
Income from continuing operations attributable to PepsiCo, PAS and PBG	\$ 4,614	\$ 5,302	\$ 5,080	\$ 5,413
Income from continuing operations attributable to PepsiCo, PAS and PBG per common share basic	\$ 2.93	\$ 3.33	\$ 3.13	\$ 3.30
Income from continuing operations attributable to PepsiCo, PAS and PBG per common share diluted	\$ 2.90	\$ 3.27	\$ 3.09	\$ 3.24
Period-End Financial Position				
Total assets	\$ 45,578		\$ 63,452	
Long-term debt	\$ 10,623		\$ 19,249	
Common shareholders' equity	\$ 16,973		\$ 20,636	
Preferred stock	\$ 41		\$ 41	
Outstanding Shares				
Weighted-average common shares outstanding diluted	1,592	1,620	1,645	1,673

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Comparative Per Share Data

The following table